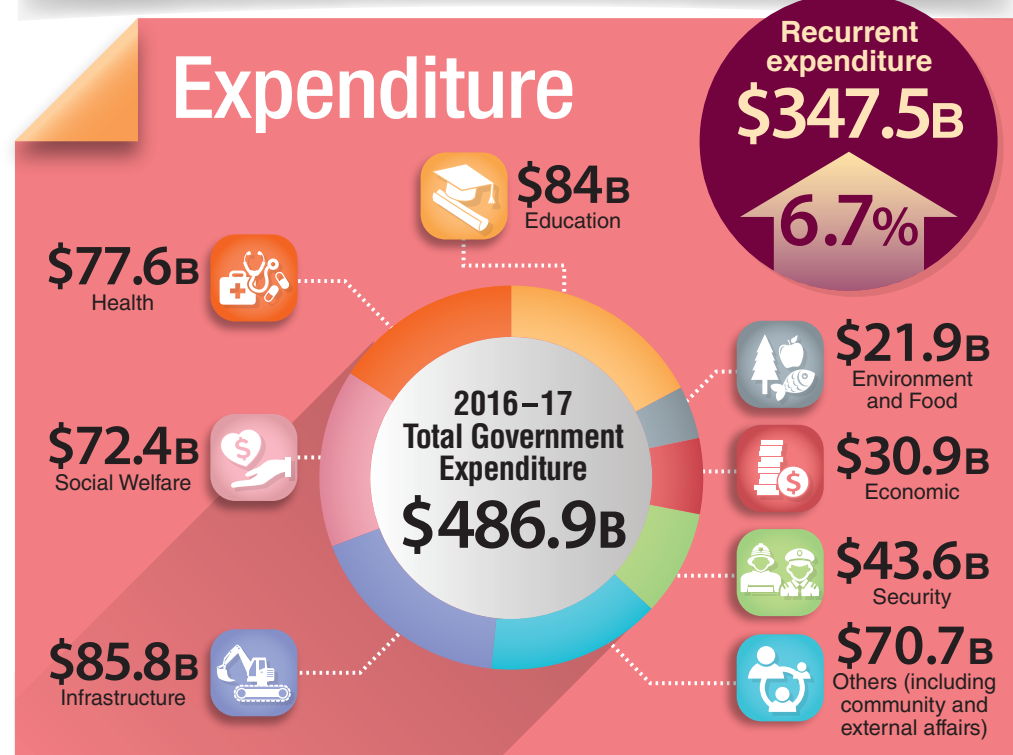
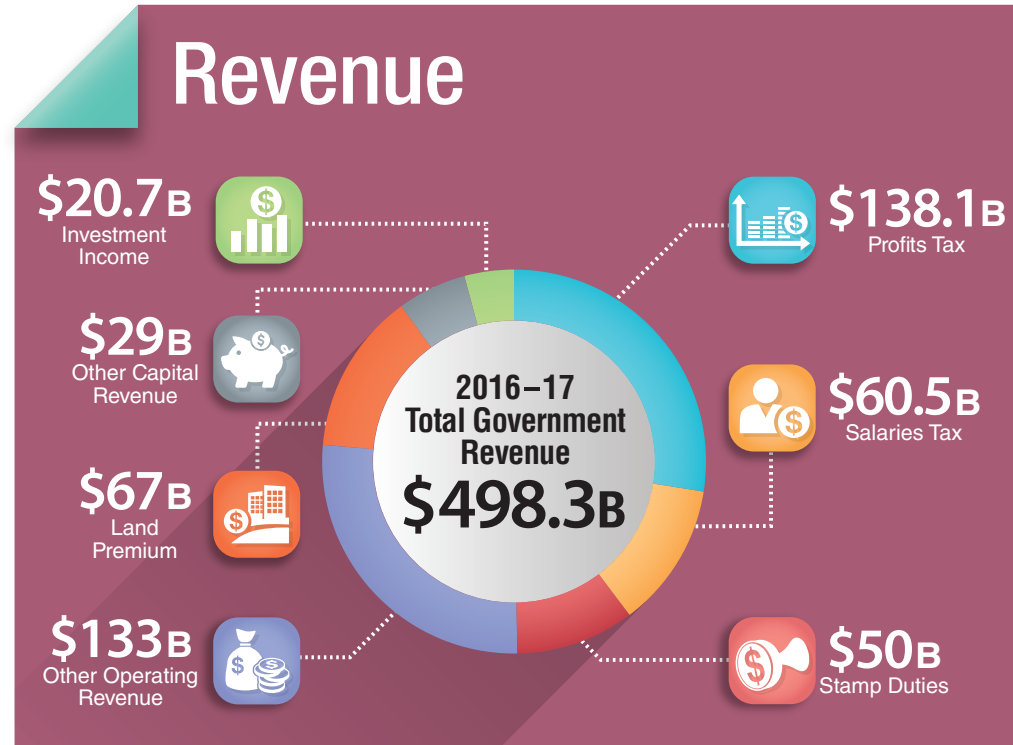




2016-17

Budget Highlights

Highlights



Economy

	2015 Performance	2016 Forecast
GDP growth	2.4%	1%~2%
Headline inflation	3%	2.3%
Underlying inflation	2.5%	2%

Forward Planning

Establish the Future Fund with an initial endowment of **\$220 B** for greater returns through long-term investment

Set aside **\$200 B** for 10-year hospital development plan

Top up Housing Reserve, with current balance at **\$74 B**, to support long-term public housing development

Earmark **\$50 B** to improve retirement protection for elderly in need

Allocate **\$10 B** to set up a fund to generate investment returns for public-private partnership programmes in healthcare services

As Financial Secretary, I am obliged to ensure that our public finances are sustainable and can embrace the short, medium as well as long term needs and development of Hong Kong.

Boosting the Economy

Reduce

- Reduce 2015-16 profits tax by **75%**, subject to a ceiling of \$20,000
- Reduce 2015-16 salaries tax and tax under personal assessment by **75%**, subject to a ceiling of \$20,000

Waive

- Waive business registration fees for 2016-17
- Waive rates for **4** quarters of 2016-17, subject to a ceiling of \$1,000 per quarter

Support Measures for enterprises

- Enhance SME Financing Guarantee Scheme
- Launch the Pilot Technology Voucher Programme to subsidise the use of technological services and solutions by SMEs
- Allocate additional **\$240 M** to promote Hong Kong and attract tourists

Relief Measures

- Increase basic allowance and single parent allowance to **\$132,000**
- Increase allowances for maintaining a dependent parent or grandparent aged 55 and 59 to **\$23,000**
- Increase allowances for maintaining a dependent parent or grandparent aged 60 or above to **\$46,000**
- Provide **1** month extra allowance to recipients of CSSA, Old Age Allowance, Old Age Living Allowance and Disability Allowance
- Increase deduction ceiling for elderly residential care expenses to **\$92,000**

\$38.8B

will have counter-cyclical effect, help stimulate consumption, stabilise the economy and preserve employment.

Waive licence fees for **27,000** restaurants, hawkers and operators with restricted food permits for one year

Waive licence fees for **1,800** travel agents for one year

Waive licence fees for **2,000** hotels and guesthouses for one year

Nurturing Innovation

Applying R&D results

- Science Park to allocate \$3.2B to promote smart production and research
- Earmark \$500M to set up Innovation and Technology Fund for Better Living
- Development of smart city
- Inject \$2B to launch a Midstream Research Programme for universities
- Increase cash rebate for enterprises' R&D activities

Fintech

- Implement steering group's suggestions to promote Fintech
- InvestHK to set up dedicated team to help relevant enterprises establish presence in Hong Kong
- Cyberport to provide 3 000m² dedicated space and launch designated programme
- HKMA, SFC and Office of the Commissioner of Insurance to set up dedicated Fintech platforms

Start-ups

- Set up a \$2B Innovation and Technology Venture Fund
- \$4.4B to expand Science Park in stages
- Cyberport to earmark \$200M to invest in start-ups

Creative Industries

Fashion and Design

- Strengthen promotion of local fashion designers and brands, and nurture young designers
- Host international fashion trade fair CENTRESTAGE

Film Industry

- Inject \$20M into Film Development Fund to subsidise expenses of locally-produced Cantonese films for distribution and publicity in the Mainland

Arts and Sports

- Launch Art Development Matching Grants Pilot Scheme
- Develop potential of sports industry by nurturing athletes and hosting international sports events

Under the "new economic order", we must act swiftly, get prepared, identify development opportunities and position Hong Kong as a key player in the competition.

Belt and Road Initiative

- HKMA to establish an office to facilitate the financing of infrastructure projects
- To co-organize with HKTDC the inaugural Belt and Road Summit
- Issue third sukuk
- Lead a business mission to Central Asia

Finding New Markets

Trade and Logistics

- Pursue trade and investment agreements to expand commercial and trading networks
- Airport Authority to launch the three-runway system
- Establish a "single window" to facilitate trade in goods
- Expand tax deduction for capital expenditure incurred for the purchase of more categories of IP rights

Financial Services

- Promote mutual capital market access between Hong Kong and the Mainland
- Attract more corporate treasury centres to Hong Kong
- Publicise our capital market and develop green financial products
- Launch another iBond issue of up to \$10B



Fostering Talent

Internship and Exchange

- Enriched IT Programme in Secondary Schools to offer internship at technology enterprises
- Increase monthly allowances of the Internship Programme under the Innovation and Technology Fund
- Increase internship places in the Mainland and the ASEAN countries

Professional Training

- Set aside \$200M to provide tuition fee subsidy to part-time students of designated professional programmes offered by the Vocational Training Council
- Strengthen professional training for construction, retail and financial services industries

Land Resources

Based on the latest projection, Government has adopted the public housing supply target of **280 000** units for the ten-year period from 2016-17 to 2025-26

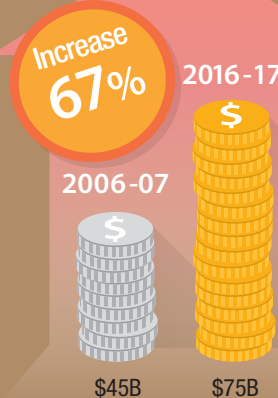
Make available for sale 29 residential sites capable of providing **19 000** units

Make available for sale 8 commercial/business sites capable of providing floor area of **540 000** m²

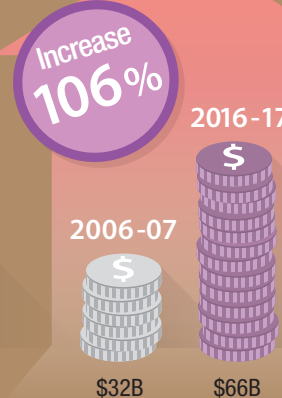
Caring for People's Livelihood

Livelihood related expenditure continues to increase

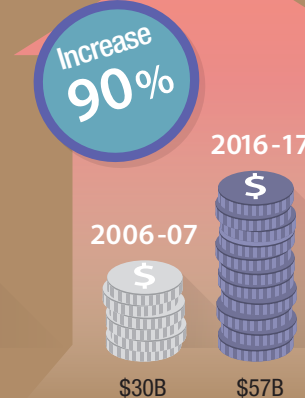
Education



Social Welfare



Healthcare Services



\$2.9B per annum to implement Low-income Working Family Allowance Scheme



\$180M per annum to strengthen services for persons with disabilities and children with special needs and their families



Increase 3 800 places of extended hours service for eligible child care centres



\$140M per annum to increase residential care places for the elderly and enhance services



Extend the Community Care Service Voucher Scheme for the Elderly to 18 districts



Earmark \$800M, and examine implementation of Pilot Scheme on Residential Care Service Voucher for the Elderly



Launch pilot scheme to provide child care training to grandparents



Issue Silver Bond for Hong Kong residents aged 65 or above



Explore extending Reverse Mortgage Programme to cover subsidised sale flats with unpaid premium